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DIRECTORATE OF  
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Czechoslovakia: The struggle between reformers led by party boss Alexander Dubcek and conservatives headed by his ousted predecessor, Antonin Novotny, has intensified in the past week and has engaged large segments of the population.

After Dubcek publicly outlined an "action program" which called for marked changes in the Communist Party's role and the "widest possible democratization of the entire sociopolitical system," conservatives countered with an attack on the program's weakest point, its commitment to vigorous implementation of the limping economic reform program.

The conservative tactic is aimed particularly at compounding workers' fears that reforms will mean loss of jobs, rising prices, and a general drop in the standard of living. An attempt is being made to alienate industrial workers from intellectuals and from "radical economic reformers," and by implication from Dubcek, who has the support of the reformers.

Dubcek has rallied significant support from other sources. Associations of writers, journalists, and farmers have pledged their aid. The chairman of the parliament and the key party boss of the city of Prague have deserted Novotny. Dubcek probably can count on most of the party in Slovakia and Moravia, but the extent of his support in Bohemia is unclear. He has taken steps to control the armed forces and the secret police.

Novotny's strength, in turn, lies among ideological conservatives, industrial workers, and the government and party bureaucrats at regional and district levels.

The intraparty struggle could come to a head in mid-March, when the party central committee meets to decide on the action program.

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Because Dubcek and Novotny have been appealing to and drawing support from extremists at opposite ends of the spectrum, it is possible that the situation could get out of control. On balance, however, it appears that the new regime will be able to keep the power struggle confined. Dubcek has frequently appealed to popular desires. He will have to deliver on his promises, however, a task which will be immensely complicated by serious economic problems and by the political forces already unleashed.

There appears to have been no interference from the Soviets or from other Communist leaders who have shown concern over developments in Czechoslovakia. Rather, party leaders who visited Prague last week pretended the situation did not exist.

East Germany - West Germany: Walter Ulbricht has called for the establishment of diplomatic relations between East and West Germany.

In a speech on 26 February, Ulbricht said that European security requires that the "two German states" have normal relations with all European states, "that is, that they recognize each other diplomatically and that all European states maintain normal diplomatic relations with both German states."

Since Ulbricht cannot expect Bonn even to consider such a proposal, his statement may be essentially defensive in nature and addressed mainly to an Eastern European audience. The East German regime fears that recent leadership changes in the Czech party presage eventual changes in Prague's position toward West Germany. It has also betrayed signs of nervousness about Soviet - West German discussions on a possible renunciation of force agreement.

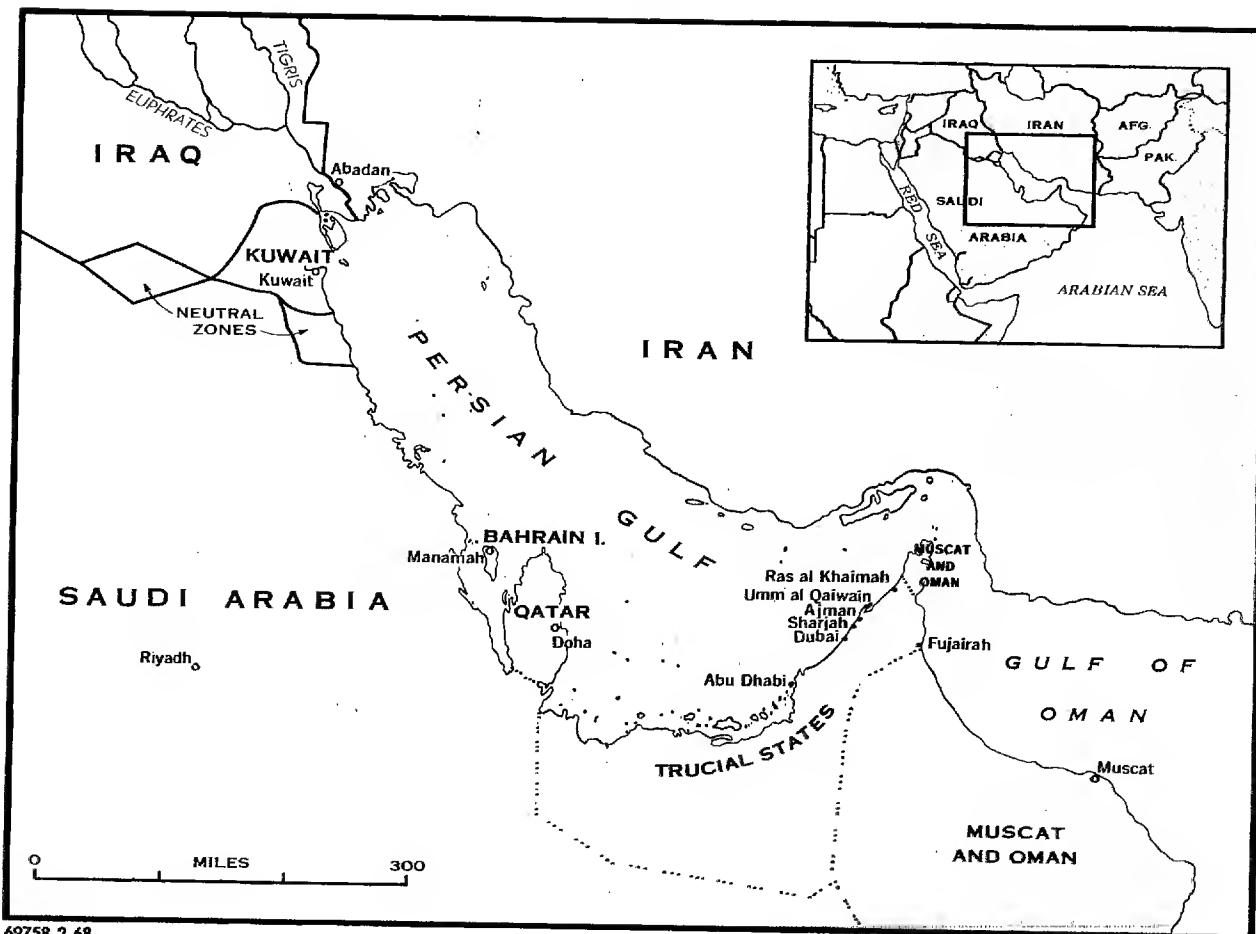
Panama: The dispute over control of the electoral machinery again threatens to provoke a confrontation between government and opposition forces.

Efforts to reach a compromise have so far failed. Supporters of opposition presidential candidate Arnulfo Arias now fear that the Supreme Court will announce the suspension of the two pro-Arias members of the three-man electoral tribunal before it recesses today for a month's vacation. Earlier reporting had indicated that action probably would not be taken until after 1 April.

Removal of the judges would give government candidate Samudio control of the tribunal and put him in a position to tamper with the election returns.

In a move probably designed to prevent the suspension order, Arias reportedly is calling on his followers to put 12,000 demonstrators in the streets in Panama City today. He previously threatened to use his majority control in the National Assembly to impeach President Robles if the government packs the tribunal against him.

In a surprise move last night, the presidential candidate of the small Christian Democratic party announced that he intends to bring impeachment charges against Robles today. If a special session of the National Assembly is convened for this purpose, Robles might attempt to dissolve it.



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Persian Gulf: The rulers of the seven Trucial States, along with Qatar and Bahrain, have agreed to form the Federation of Arab Emirates as of 30 March.

Although details have not yet been worked out, federation affairs are to be handled by a Supreme Council consisting of all of the rulers, which apparently will only act on resolutions adopted unanimously. A long history of squabbling and even open warfare among the states will be difficult to paper over, despite the fears of Iranian expansionism and future Arab nationalist agitation which seem to have been behind this move.

Finland: The Social Democrats have nominated Mauno Koivisto to try to put together a new cabinet with their coalition partners, the Communists and President Kekkonen's Center Party. Koivisto, governor of the Bank of Finland, is a highly respected former finance minister. He has stayed clear of the party bickering that contributed to Prime Minister Paasio's decision to resign. The coalition parties agree on the basic policy of accommodation with the Soviet Union but differ widely on domestic issues.

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